

Message Text

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PAGE 01 TOKYO 14412 271050Z

22

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 /102 W

----- 014012

R 270902Z SEP 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2492

TREASURY DEPT WASHDC

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMCONSUL HONG KONG

USMISSION OECD PARIS

UNCLAS TOKYO 14412

PASS FEDERAL RESERVE, LABOR AND EXIMBANK

TREASURY FOR SYVRUD

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: FINANCIAL AND ECONOMIC DEVELOPMENTS - SEP 15-22,
CORRECTION

REF: TOKYO 14260

1. FOLLOWING PARAGRAPH WAS INADVERTENTLY OMITTED FROM
REFTEL:

2. GROWTH IN MONETARY AGGREGATES SLOWED FURTHER IN JULY.
ADVANCE IN BANK LOANS AND DISCOUNTS (JEI 133, S.A.) WAS
2.6 PERCENT IN THE SECOND QUARTER OF THIS YEAR, A SLIGHTLY
UNCLASSIFIED

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PAGE 02 TOKYO 14412 271050Z

SMALLER RATE THAN CONSISTENT 2.8 PERCENT QUARTERLY INCREASE

THAT HAD PREVAILED THROUGHOUT PAST YEAR. IN JULY. ADVANCE SLOWED FURTHER AND REGISTERED UNUSUALLY SMALL 0.7 PERCENT MONTHLY INCREASE THOUGH LOANS TO HOUSING SECTOR CONTINUED TO GROW RAPIDLY, ACCORDING TO PRESS REPORTS. ADVANCE IN BROADLY DEFINED MONEY SUPPLY, M2, ALSO DROPPED IN JULY 0.9 PERCENT). IN THE SECOND QUARTER. ADVANCE IN M2 SLOWED FROM THE FIRST QUARTER OF THIS YEAR. NARROWLY DEFINED MONEY SUPPLY (JEI 123, S.A.), HOWEVER, INCREASED MORE RAPIDLY IN JULY THAN IN THE SECOND QUARTER, ALTHOUGH JULY ADVANCE IN M1 WAS NOT AS RAPID AS MONTHLY RATES OF INCREASE FOR FIRST QUARTER OF THIS YEAR. FOLLOWING TABLE SHOWS THE FACTORS CONTRIBUTING TO M2 MONEY SUPPLY GROWTH (N.S.A.). CREDITS TO PRIVATE SECTOR WERE MAJOR CONTRIBUTOR TO JULY INCREASE IN M2, BUT THIS INFLUENCE WAS SOMEWHAT MORE THAN OFFSET BY DECLINES IN CREDITS TO LOCAL GOVTS. MODERATE INCREASES WERE RECORDED IN CREDITS TO NATIONAL GOVT (MOSTLY REPRESENTING BANK HOLDING OF GOJ BONDS). GROWTH IN NET FOREIGN ASSETS MADE A SMALL POSITIVE CONTRIBUTION TO MONEY SUPPLY GROWTH IN JULY.

MONEY AND CREDIT, S.A.

(BIL YEN; PERCENT CHANGE FROM PRIOR MONTH IN PAREN)

	M1	M2	LOANS AND DISCOUNTS
MAY	49,835 (1.0)	129,496 (1.5)	91,608 (0.6)
JUNE	50,544 (1.4)	131,209 (1.3)	92,710 (1.2)
JULY	51,147 (1.2)	132,349 (0.9)	93,403 (0.7)

CHANGES IN M2

(MONTHLY PERCENT CHANGE AT ANNUAL RATE, I.E. TIMES 12)

	MAY	JUNE	JULY
M2, S.A.	17.6	15.8	10.3
M2, N.S.A.	11.4	25.8	1.7

FACTORS CONTRIBUTING TO CHANGES IN M2, N.S.A.

CREDITS TO:	MAY	JUNE	JULY
PRIVATE SECTOR	8.2	19.2	14.3
NATL GOVT	11.2	7.1	2.1
LOCAL GOVTS	.1 MIN	2.4 MIN	0.5
FOREIGN ASSETS,			
NET	1.3 MIN	0.7	1.7

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PAGE 03 TOKYO 14412 271050Z

OTHER	MIN 10.4	2.6 MIN	15.9
TOTAL ALL FACTORS	11.4	25.8	1.7

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO14412
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760363-1344
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760915/aaaaamlc.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 TOKYO 14260
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 26 FEB 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 FEB 2004 by MaustMC>; APPROVED <07 JAN 2005 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCIAL AND ECONOMIC DEVELOPMENTS - SEP 15-22, CORRECTION
TAGS: EFIN, ECON, JA
To: STATE
TRSY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006